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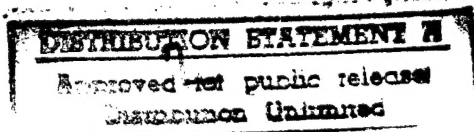
17 SEPTEMBER 1986

China Report

POLITICAL, SOCIOLOGICAL AND MILITARY AFFAIRS

PRC STATE COUNCIL BULLETIN

No 32, 30 NOVEMBER 1985



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CHINA REPORT

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PRC STATE COUNCIL BULLETIN

No 32, 30 NOVEMBER 1985

Beijing ZHONGHUA RENMIN GONGHEGUO GUOWUYUAN GONGBAO [PRC STATE COUNCIL BULLETIN] in Chinese No 32, 30 November 1985

[This volume contains selected translations from the PRC STATE COUNCIL BULLETIN. Items marked [previously published] and [previously covered] have appeared in other JPRS or FBIS publications, and are cross-referenced wherever possible.]

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RULES ON COLLECTION OF PORT CONSTRUCTION CHARGES

Beijing STATE COUNCIL BULLETIN in Chinese No 32, 30 Nov 85 pp 1075-1077

[Rules on the Levying and Collection of Port Construction Charges Promulgated by the State Council on 22 October 1985]

(Guofa [0948 4099] (1985) No 124)

[Text] Article 1. These rules are formulated for the purpose of speeding up port construction to meet the needs of economic development.

Article 2. Port construction charges shall be levied and collected on goods entering and leaving the following ports:

Dalian, Yingkou, Qinhuangdao, Tianjin, Yantai, Qingdao, Shijiu [4258 5273], Lianyungang, Shanghai, Ningbo, Wenzhou, Fuzhou, Xiamen, Shantou, Guangzhou, Huangpu, Haikou, Basuo [0360 2076], Sanya, Zhanjiang, Beihai, Fangcheng [7089 1004], Nanjing, Zhenjiang, Zhangjiagang, and Nantong.

Article 3. The payee of port construction charges shall be the consignor (or its agent) or the consignee (or its agent).

Article 4. In respect of goods entering or leaving ports listed under Article 2 (including import/export goods transshipped domestically) shall only be levied port construction charges once throughout the entire course of transportation by water.

Article 5. Standards for the levying and collection of port construction charges shall be based on the "Rates for Port Construction Charges" appended to these rules.

Article 6. The following goods shall be exempted from port construction charges:

- i) Goods exempted from port dues under the regulations on the levying of port dues and charges promulgated by the Ministry of Communications;
- ii) The transportation of raw and semi-finished materials needed by an enterprise for production purposes, and products thereof, at the private wharf of the enterprise;
- iii) Goods eligible for exemption listed under "Rates for Port Construction Charges."

Article 7. The Ministry of Communications shall be responsible for the work of administering the levying and collection of port construction charges. Port administration at ports listed under Article or loading/unloading corporations shall be the levying agents of port construction charges; water-borne loading/unloading units appointed by the levying agents and other ports engaged in coordinated transport with ports listed under Article 2 shall be the collecting agents of port construction charges.

Article 8. Separate receipts shall not be issued for the levying and collection of port construction charges. Levying or collecting agents should add a column for port construction charges on the existing freight bills and should collect port construction charges while collecting freight and other charges from payees.

The collecting agent should settle payment with the levying agent within 3 days of receiving the charges and must on no account withhold or divert the money for other purposes.

Article 9. Revenue from port construction charges shall go to a special account of the Ministry of Communications. Levying agents must open a special account at the local branch of the Industrial and Commercial Bank of China for port construction charges due to the Ministry of Communications, and should deposit the amounts in question within 3 days of collection and make transfers to the Ministry of Communications once a month. The levying agents can only deposit and transfer the collected amounts and cannot make withdrawals.

Article 10. Revenue from port construction charges shall constitute a source of funds for port construction by the state. The application of funds shall be uniformly arranged by the Ministry of Communications in accordance with relevant state regulations.

Article 11. The Ministry of Communications should check on the situation of collection at the levying or collecting agents.

The levying or collecting agents must on no account fail to levy or make mistakes in levying port construction charges. Should failure to levy or faults in levying be discovered, they must be promptly re-levied or amended.

Article 12. In addition to being ordered to pay the overdue charges, a payee that does not pay port construction charges in accordance with these rules may be fined an amount up to five times the overdue charges in the light of circumstances.

Article 13. In the event of disputes over the payment of port construction charges with the levying or collecting agent, the payee must pay the amounts as decided by the levying or collecting agent before applying to the Ministry of Communications for reconsideration or directly taking its case to the people's court.

Article 14. The Ministry of Communications shall be responsible for the interpretation of these rules; detail rules for implementation shall be formulated by the Ministry of Communications.

Article 15. These rules shall go into effect on 1 January 1986.

Appendix: Rates for Port Construction Charges

Rates for Port Construction Charges

| Ports | Category of cargoes | Rates (yuan/tons) | | | | Remarks |
|---|--|-------------------|-----------------------|-----------|-----------------------|---|
| | | Imports | | Exports | | |
| | | Sea ports | Four Changjiang ports | Sea ports | Four Changjiang ports | |
| Dalian, Yingkou, Qinhuangdao, Tianjin, Yantai, Qingdao, Shijiu, Lianyungang, Shanghai, Ningbo, Wenzhou, Fuzhou, Xiamen, Shantou, Guangzhou, Huangpu Haikou, Basuo, Sanya, Zhanjiang, Beihai, Fangcheng, Nanjing, Zhangjiagang, Nantong. | Petroleum (including crude oil) | 3.00 | 1.50 | 4.00 | 2.00 | Exemption for domestic imports. For domestic exports at the four Changjiang ports, charges shall only be levied on petroleum (including crude oil) and coal (including coke) |
| | Coal (including coke), iron and steel (including pig iron), metallic ores, non-metallic minerals, cement, timber, chemical fertilizers | 1.50 | 0.80 | 2.50 | 1.30 | |
| | Mine construction materials and others | 1.50 | 0.80 | 2.50 | 1.30 | Exemption for domestic imports and exports |
| | Cereals and salt | 0.50 | 0.30 | 1.00 | 0.50 | Exemption for domestic imports. Exemption for domestic imports and exports at the four Changjiang ports |
| | Cargoes charged according to volume tons (cubic meters) | 0.50 | 0.30 | 1.00 | 0.50 | Exemption or otherwise to be determined in accordance with above-mentioned categories of cargoes |

| | | | | | | |
|--------------------------|---------------|-------|-------|-------|-------|--|
| International container | 20' container | 12.50 | 6.30 | 25.00 | 12.50 | Exemption for domestic imports and exports |
| cargoes (yuan/container) | 40' container | 25.00 | 12.50 | 50.00 | 25.00 | |

Notes:

1. Units of measurement and weight conversions shall be treated in accordance with the regulations on the levying of port dues and charges promulgated by the Ministry of Communications.
2. Port construction charges on other containers carrying foreign imports and exports shall be levied on 80 percent of the internal volumes and at 1.00 yuan per cubic meter for imports and 0.50 yuan per cubic meter for exports.
3. Minimum port construction charge shall be 0.10 yuan.

REPORT ON CONTROL OVER IRRIGATION FACILITIES

Beijing STATE COUNCIL BULLETIN in Chinese No 32, 30 Nov 85 pp 1080-1082

[Report of the Ministry of Water Resources and Electric Power on Stepping Up the Control Over Farmland Irrigation Facilities (17 September 1985)]

[Text] Under the leadership of governments at various levels and through the arduous struggle of the vast number of cadres, the masses and the irrigation workers, China has achieved tremendous successes in farmland water conservancy construction. The vast number of projects and facilities have played an important role in resisting flood and drought and promoting the steady increase of agricultural production. However, the trend of diminishing farmland irrigated acreage has emerged in recent years, with a net reduction of 731 mu being registered in 1984 as against 1981. The main reasons for this are: The relaxation of leadership over farmland water conservancy construction in some localities has left farmland irrigation facilities poorly maintained and managed; many projects and facilities are outdated and operating with defects because of failures to carry out renovation; and man-made damage is serious, with some places showing no scruples at all about damaging irrigation facilities in their endeavors to repair roads, open mines, set up factories, and so on, and a handful of lawless persons availing themselves of the opportunity to engage in theft or to damage the irrigation facilities. With this in mind, the following suggestions are hereby made:

1. It is necessary to strengthen leadership over farmland water conservancy construction. Farmland water conservancy construction concerns the interests of the broad masses and has strong policy implications. Governments at all levels, particularly governments at the county and township levels, must strengthen leadership over this work. It is proposed that all localities conduct a thorough investigation and analysis on the present state and effectiveness of farmland irrigation projects and take effective measures to solve existing problems. Projects and facilities that require repairs must be restored by promptly organizing the masses to undertake the work during the slack seasons of winter and spring.
2. It is necessary to strengthen the irrigation management bodies in districts and townships and consolidate and improve the responsibility system in respect of farmland irrigation control. Under the premise of keeping ownership intact,

projects of different scales may be contracted out by district or township irrigation management stations (or irrigation personnel) to peasant households and specialized and associated households, groups or integrated bodies with an interest in irrigation for operation and management. Irrigation service centers with projects or villages as units may also be set up for unified operation and management. Contracted responsibilities may be comprehensive or for single projects. Contracts clearly delineating responsibility, authority and interests must be signed when contracting out work. The terms of contract should be suitably extended to protect the legitimate rights and interests of the contractors. Projects that are poor in quality and effectiveness and therefore have not been contracted out, as well as irrigation and drainage implements that are lying idle for the time being should be properly protected and maintained. Projects managed by the state may be comprehensively contracted to responsible persons of their management units by competent administrative departments. A system of personal responsibility may be practiced inside the management unit. Or, a multi-tiered economic responsibility system which divides the work into different projects may be instituted to combine the financial income of the employees with the safety, effectiveness and diversified results of the project.

3. It is necessary to plan and arrange the funds, material resources and labor needed for farmland water conservancy construction as a whole. 1) Funds needed should be resolved by multi-level and multi-channel means. Funds for the overhaul, renovation and safekeeping of small farmland irrigation projects and for new projects should mainly be borne in a fair and just way by the beneficiary units or individuals in proportion to the area serviced, with the state providing appropriate subsidies in the light of the scale of the project and the ability of the masses to bear the expenses. Funds for farmland water conservancy construction in the hands of local authorities must be spent on the construction and management of farmland irrigation facilities and must not be diverted to other purposes. 2) Labor needed, especially labor needed for the maintenance, coordination and renovation of projects, should be contributed by beneficiary units or individuals in proportion to the area serviced. To avoid over-burdening the masses, various counties may set a limit on the cumulative amount of work borne by each worker each year. 3) As regards material resources and equipment needed, various localities should, in keeping with the existing management structure, have them included in their plans to ensure their prompt supply.

4. It is necessary to rationally define the scope of protection and scope of management of various projects. For irrigation projects managed by the state, the scope of protection and management must be defined and reported to the people's governments where the projects are situated for approval. Within the defined scope of management, land and affiliated buildings belong to the state and usufruct belongs to the management unit, and other units or individuals may not forcibly take possession of them. Within the scope of protection, no unit nor individual may carry out activities detrimental to the project. Small irrigation projects built by collectives should also have a given scope of protection, to be defined by the townships and villages themselves.

5. It is necessary to strengthen the legal system and strictly prohibit the sabotage of irrigation projects and facilities. 1) Major efforts must be made to publicize, through various means, the importance of protecting farmland irrigation facilities so that the vast number of cadres and the masses will consciously protect farmland irrigation facilities. 2) Judiciary and public security departments must make a conscientious effort to investigate and deal with the illegal seizure, sabotage and embezzlement of irrigation facilities. Serious offenses that constitute crimes should be punished according to the law. 3) In areas where irrigation facilities are seriously sabotaged, it is suggested that notices proclaiming the prohibition of such acts be put out by the province or county in the name of the government. At the same time, a number of grave and important cases should be singled out and dealt with in accordance with the law so as to check the evil practice of sabotaging irrigation facilities. 4) Various localities may, depending on needs and with the approval of the people's government at the provincial level, set up public security bodies in large irrigation projects. Staff and funds are to be transferred from water conservancy departments, and public security duties are subject to the leadership of local public security organs. 5) In the building of capital construction projects in the future, it is necessary to consult with the management units of the irrigation projects in advance if the new projects may prove detrimental to existing irrigation projects and their effectiveness. Damages should be compensated for.

6. It is necessary to strengthen the ranks of grassroots level irrigation personnel. The management of farmland irrigation mainly hinges on specialized management organs at the county, district and township level and on irrigation control bodies of the masses in the villages. Irrigation control personnel should be taught to show courage in assuming responsibility and to bravely wage struggle against the phenomenon of the sabotage of irrigation facilities. Governments at all levels must positively support their work. The ranks of grassroots level irrigation personnel must be strengthened. Staff members and workers who cherish irrigation work should be selected to staff grassroots level irrigation organs. Grassroots irrigation management units must on no account be turned into places for the accommodation of the aged, the feeble, the sick and the disabled. It is necessary to strengthen the work of providing training to steadily raise the level of ideological awareness and technical proficiency of the staff members and workers engaged in irrigation work at the grassroots level. Positive and effective measures must be taken to overcome the actual difficulties of the grassroots irrigation personnel in terms of welfare.

Should nothing inapt be found, it is requested that the above report be approved and circulated to various localities for implementation.

/8309

CSO: 4005/647

CIRCULAR ON PROGRAMME FOR BUILDING MATERIALS INDUSTRY

Beijing STATE COUNCIL BULLETIN in Chinese No 32, 30 Nov 85 p 1083

[Circular of the State Council General Office on the Approval and Circulation of the "Programme for the Development of the Building Materials Industry" of the State Administration of Building Materials Industry (21 October 1985)]

(Guoban fa [0948 6586 4099] (1985) No 71)

[Text] The "Programme for the Development of the Building Materials Industry" formulated by the State Administration of Building Materials Industry has been approved in principle by the state and is hereby transmitted to you to be implemented in the light of specific conditions in your respective localities or units.

The building materials industry is one of the basic industries that urgently demand priority development in China's national economy. The invigoration of the building materials industry is of immense significance both to spending up China's socialist modernization and to raising the living standards of the vast urban and rural populace. The principle of making a concerted effort to develop the building materials industry and the series of policies and measures advanced in the "Programme for the Development of the Building Materials Industry" are correct. It is hoped that all localities and departments would give full scope to their strengths in terms of funds, resources, technology and manpower; take concrete steps to implement the principle of making a concerted effort to develop the building materials industry; and support the rapid development of the building materials industry. Competent departments in the building materials industry must switch from administrative management to professional management and do their job well on such aspects as principles and policies, programs and plans, technological advancement, development of human resources, circulation of material resources, rules and regulations, dissemination of information and import/export trade to turn the building materials industry into a keystone of the national economy and a major industry capable of accumulating funds and withdrawing money from circulation.

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CSO: 4005/647

PROGRAM FOR DEVELOPMENT OF BUILDING MATERIALS INDUSTRY

Beijing STATE COUNCIL BULLETIN in Chinese No 32, 30 Nov 85 pp 1083-1090

[Programme for the Development of the Building Materials Industry of the State Administration of Building Materials Industry (Summary) (10 September 1985)]

[Text] The building materials industry is one of the basic industries that urgently demand priority development in China's national economy. The existing products of China's building materials industry include a total of more than 80 categories of building materials, non-metallic minerals and inorganic non-metallic new materials, with over 1,000 varieties in all. The invigoration of the building materials industry will be of immense significance to speeding up socialist modernization, developing the socialist commodity economy, accumulating funds, withdrawing money from circulation and improving the people's livelihood.

Although the building materials industry has seen fairly rapid development since the founding of the PRC, particularly since the 3d Plenary Session of the 11th CPC Central Committee, it is still very backward. Apart from the fact that there is a shortage in terms of the quantity and variety of products, poor quality, high energy consumption and backward technology and packaging are also serious. In many enterprises techniques and technologies are backward, equipment is outmoded and pollution is serious; breakage resulting from poor packaging of cement and plate glass has led to enormous waste; there is a shortage of skilled personnel and a lack of successors; there is a shortage of funds for carrying out renovation because the enterprises can only retain a small portion of their profits for their own use; and the livelihood facilities for employees have much to be desired. Changing the backward appearance of the building materials industry as quickly as possible has become a task of top priority.

To fulfill the grand program put forward by the party at its 12th National Congress, the following objectives have been set for the building materials industry: 1) The primary task during the "Seventh 5-Year Plan" period is to increase the quantity and improve the quality of products and lay a solid foundation for the subsequent decade. It is planned that by 1990 the total output value of the building materials industry shall increase by 150 percent over 1980, with the output of cement going up by over 100 percent and that of plate glass by over 200 percent. There shall be a notable increase

of medium- and high-grade products of building materials, and corresponding development in new-type building materials, non-metallic minerals and other types of building materials products so that the contradiction between supply and demand can be alleviated. 2) The primary task for the 1990's shall be to resolve existing problems as regards the variety and technological level of products, improve the product mix, lower energy consumption and bring about a general improvement in the technological level of the whole industry. There shall be a complete range of high-, medium- and low-grade products for all types of building materials that can by and large meet the needs of the four modernizations. The production and technological levels for the whole industry shall reach the advanced technological level of the industrially-developed nations in the 1970's or early 1980's, with a small number of products reaching advanced world standards. The building materials industry shall become an important pillar of the national economy and a major industry capable of accumulating funds and withdrawing money from circulation.

1. Fully Mobilize All to Make a Concerted Effort to Develop the Building Materials Industry

The fact that China's building materials industry has widely distributed resources and a vast market makes it appropriate to obtain materials and carry out production locally and marketing the products in the neighborhood. We must, under the guidance of the state plan, implement the principle of making a concerted effort to develop the building materials industry. Departments of the building materials industry must support other departments, localities and enterprises in setting up building materials enterprises with exclusive or joint investment, support other departments in giving full scope to their strong points to produce more and better new types of building materials, and provide good service in the concerted drive to develop the building materials industry on such aspects as principles and policies, planning and layout, feasibility studies on construction projects, geological prospecting, engineering design, the supplying of complete sets of equipment, production technology, circulation of material resources, import/export trade, human resources and information.

Apart from state investment, funds for developing the building materials industry may be raised through a multitude of channels, such as domestic and foreign loans, joint investment, exclusive investment, inter-unit associated operations and compensation trade. To provide incentive for the pooling of funds, a policy of giving the investors the right to profit by their investment and to dispose of their products is implemented, and the state is not going to reduce the departmental planned distribution targets for products subject to unified distribution and departmental control because of this. Among the large and medium-sized projects renovated, extended or newly-built with pooled funds, those financed with funds pooled from the community may be regarded as financed by loans, and funds used as investment in fixed assets may be repaid out of additional profits derived from the commissioning of the projects concerned prior to the payment of income tax.

2. Strive to Bring About A Strategic Shift in the Building Materials Industry

Apart from the shift from monopoly to making concerted efforts to develop the building materials industry and from administrative management to management of the whole trade, the main points of the strategic shift in the building materials industry include: the shift from backward and conventional techniques to advanced ones; from chiefly producing conventional materials to mass producing new materials; from producing energy- and water-consuming products to producing products that consume little energy and water; from mainly producing low-grade products to producing a complete range of high-, medium- and low-grade products; from mainly producing raw and semi-finished materials to devoting major efforts to developing intensive processing; from easily breakable packing to low-breakage packing; and from closed-end productive enterprises to open-end production-business types of enterprises. In short, the building materials industry must effect a strategic shift in three areas, namely, techniques and technologies, the product mix and the mode of operation, to achieve better economic results for the enterprises and for society.

To bring about a strategic shift in the building materials industry, it is necessary to act in accordance with law of the economy and give full scope to the role of economic levers. The number of products subject to planning by the State Administration of Building Materials Industry should gradually be reduced from 55 to 10. Restrictions on the prices of building materials should gradually be lifted, with the exception of cement, glass and cement machinery which are subject to unified distribution and which shall continue to be sold at state-set prices for some time. The rest of the building materials shall be dealt with in the light of specific conditions, with a small portion to be priced by local authorities and a large part to be priced according to market demand and price changes, so that the strategic shift in the building materials industry can be accelerated through market competition.

3. Adopt More Flexible Policies and Invigorate the Enterprises

In addition to asking large and medium-sized building materials enterprises to fully develop their strengths and tap their potential, it is necessary to adopt a policy of encouragement so that these enterprises can become commodity producers that are independent and responsible for their own profit and loss and capable of transforming and developing themselves and adapting to changes. As of 1985, the mandatory targets for large and medium-sized cement and glass enterprises that produce products covered by mandatory plans have been reduced and the targets for state allocation suitably toned down. In toning down these targets, the planned figures of the previous year are taken as the basis. Products left after the assigned quotas have been handed over to the state can be marketed by the enterprises themselves. The difference between self-marketed price and state requisition price shall only be subject to product tax and income tax and shall be exempted from regulatory tax. Towards those large and medium-sized advanced enterprises producing cement, glass and non-metallic mineral products that are subject to a high regulatory tax rate and have a low per-capita profit retention rate, the regulatory tax rate may be gradually reduced with the approval of

financial departments. At the same time, they should be given priority in practicing classified depreciation, and their depreciation rate for fixed assets should be suitably raised step by step. The price of building materials, particularly that of cement which is subject to unified distribution, should be readjusted in a planned way so that a reasonable price parity can be maintained with other products. To find a solution to the actual difficulties confronting a number of old enterprises and to preserve and restore the productive capacity of these old enterprises, it is necessary to give them priority in getting technological loans for technological transformation in addition to giving them priority in the implementation of various policies. Loans may be repaid out of additional profits derived from the commissioning of the project for which the loan is intended prior to the payment of income tax.

4. Gear to the Urban and Rural Markets and Withdraw Large Sums of Money From Circulation

Along with the development of the rural economy, rural housing construction developed at a pace never witnessed before. To run the China Corporation for the Supply of A Complete Range of Materials for Rural Housing Construction well, efforts should be made to open up the sources of materials by importing from foreign countries, purchasing from the market and investing in productive enterprises in addition to seeking support from the state. Positive efforts should be made to organize the supply of a complete range of materials for rural housing construction and commercial flats of different grades and to support various departments and localities in running rural housing construction companies well. In accordance with the preferential treatment extended by the State Council to the China Corporation for the Supply of A Complete Range of Materials for Rural Housing Construction, local governments may allocate initial expenses and basic materials to these companies, offer low-interest loans, grant permission for these companies to import materials or purchase materials from the market, and decide in the light of concrete situations whether or not to grant tax exemptions for a given period of time.

Positive efforts should be made to open up the urban building materials market. A method of the advance allocation of flats which leaves interior fitting to the residents and separates structural construction from interior fitting is to be adopted for newly completed residential flats in the cities. Interior fitting and engineering companies should be widely set up to contract for designing, construction and the supply of a complete range of materials and to provide the clients with interior partitioning and fitting services of different grades. Expenses for above-standard fitting shall be borne by the clients themselves. In addition to providing decoration and fitting services, these companies may also provide complete sets of furniture and even air conditioning equipment and complete sets of toilet and kitchen fixtures in accordance with the needs of the time and place, thus turning the residential fitting service into a flourishing industry capable of helping the state withdraw more money from circulation.

5. Strive to Expand the Export of Non-Metallic Mineral Products and Building Materials and Make Positive Efforts to Import Technology, Funds and Human Resources

The building materials industry, like a rising sun in China, will prove attractive to foreign businessmen. We must make full use of the present favorable opportunity to speed up the import of advanced technology, key equipment, funds and human resources needed by our country. Attention should be paid to selectively purchasing "second-hand equipment" which is technologically fairly advanced and needed by China.

Efforts should be made to speed up the work of importing technology through license trade, cooperative manufacturing, joint ventures and other means. In doing this, it is necessary to strengthen organizational leadership, guard against blind importation and avoid duplicate imports. Advanced technology suitable for promotion throughout the entire trade should be imported through joint efforts and the expenses should be shared. As regards equipment which is to be imported in bulk, small orders should be pooled to bargain for more preferential terms. To make extensive use of foreign funds, foreign businessmen engaged in Chinese-foreign joint ventures producing cement, glass and ceramics which are badly needed by China but which cannot readily be resold to the foreign partners should, within limits permitted by the state, be allowed to purchase non-metallic mineral products and other building materials with their profits and other income.

The favorable conditions enjoyed by the special economic zones and open cities should be fully utilized. Taking the special economic zones and open cities as bases for the importation of advanced technology, equipment and management experience and the dissemination of information on the building materials industry, efforts should be made to organize technical and economic cooperation between the hinterland and the special economic zones and open cities by setting up jointly operated building materials enterprises to speed up the pace of importation.

To do a good job of importing technologies for the building materials industry and expanding the export of building materials and non-metallic mineral products, we must run the China Building Materials and Equipment Import and Export Corporation well. It is to become a specialized foreign trade enterprise geared to the needs of the whole trade which combines foreign trade with the increased production of enterprises and the introduction of new technology and import with export, an economic entity that separates government functions from business management, carries out independent accounting and assumes sole responsibility for its profit and loss. Depending on the needs of the expanding import and export business in respect of building materials, non-metallic mineral products, technology and equipment, branches may be opened in provinces, autonomous regions or municipalities directly under the central authorities which possess the necessary conditions, or even overseas.

6. Speed Up the Technological Transformation of Enterprises

Investment in the building materials industry should be focused on the technological transformation and extension of existing enterprises in addition to being spent on the building of new enterprises with advanced technology.

The technological transformation and extension of existing enterprises should be aimed at the achievement of better economic results, the improvement of the quality of products, the development of new varieties, and the economy of energy consumption. Positive efforts should be made to transform and eliminate outmoded techniques and equipment with suitable advanced technology and achievements of scientific research. The cement industry should mainly adopt the technique of extra-kiln decomposition and other new dry processes. Mechanized shaft kilns should be used in place of indigenous shaft kilns in small cement plants. Bulk cement and clinker bases, grinding mills and commodity concrete should be extensively popularized. In the glass industry, positive efforts should be made to adopt the new float technique, energetically develop intensive processing and produce more designs and varieties. The fourcault process should be comprehensively studied, renovated and improved. Efforts should be made to gradually eliminate small glass factories and to extensively popularize container transport. The manufacturing ceramics industry should mainly concentrate on the production of complete sets of fixtures and on saving water, and efforts should be made to popularize advanced molding techniques, improve the functions of products and speed up the construction of supporting bases for the manufacturing ceramics industry.

Building materials enterprises should also constantly unfold mass drives of technical innovation, study and learn from the advanced operational and management methods of other places and of foreign countries, positively popularize the application of microelectronic techniques and gradually bring about modernized management.

7. Devote Major Efforts to Develop New-type Building Materials

Speeding up the development of new-type building materials is for the building materials industry a task of paramount importance in the days to come. Building materials departments must develop new-type building materials in a faster and better way. In addition, efforts should be made to fully bring into play the strong points and enthusiasm of various departments and speed up the development of chemical building materials and products using metals and textiles as raw material. In line with local conditions, positive efforts should be made to develop various types of structural parts, wall panel and roof materials, insulation and waterproof materials, heat-absorbing, reflective, double-pane and tempered glass, construction hardware and all kinds of materials for interior and exterior decoration and fitting.

To encourage and promote the development of new types of building materials, efforts should be made to run the China New-type Building Materials Corporation well so that it will become an economic entity with vitality and play an exemplary role for nationwide efforts to develop new-type building materials.

In addition, all localities and departments should adopt policies to give support to enterprises engaged in the production and trading of various types of new building materials. On the issue of bank loans, these enterprises should be granted the same preferential treatment as that enjoyed by the China New-type Building Materials Corporation. Those that are genuinely in difficulty may, upon the approval of taxation departments, be exempted from income tax for a period of 1 to 3 years in the light of circumstances. On the matter of the product tax, taxation departments may exercise discretion in the light of circumstances by granting tax reduction or exemption for a period of 1 to 2 years during the initial period of production. Enterprises may, on the basis of voluntary participation and mutual benefit, establish integrated bodies for scientific research, designing, production and construction, strengthen horizontal ties, promote the production of a complete range of new-type building materials and popularize their application.

8. Make Use of Industrial Waste Residue to Produce Building Materials in An Effort to Turn Wastes Into Things of Value

In using industrial waste residue to produce building materials, we may save huge quantities of resources, turn harm into good and turn waste material into things of value. However, due to the high cost of recycling, the majority of the thousand or so recycling enterprises are either running at a loss or at the verge of going into the red. To change this situation, the idea of "whoever discharges recycles" is advocated and it is proposed that the principle of "whoever invests benefits" be implemented in relation to enterprises that make use of industrial waste residue. In the days to come, the Ministry of Water Resources and Electric Power and the Ministry of Coal Industry shall chiefly be responsible for the use of the production of building materials with coal ash, gangue and other industrial waste residue. Factories and mines shall not demand payment, either formally or in disguised forms, when supplying unprocessed gangue, coal ash and slag to other units. Building materials departments of all localities should provide good service in such areas as information, technology and human resources to promote the utilization of industrial waste residue.

Preferential treatment should be extended toward enterprises that make use of industrial waste residue. Loan interest loans should be offered. Recycling projects should be exempted from income tax in the first 5 years of production. Building materials using gangue, bone coal, coal ash and so on as principal raw material should be exempted from product tax in the next 5 years, and enterprises producing these may be allowed to pay less depreciation fees to the state. Those enterprises that still have difficulties upon the expiry of the tax-free period may, subject to approval, continue to enjoy appropriate tax reduction or remission. Building construction departments and building materials should work closely and give priority consideration to the use of building materials produced from waste residue.

9. Strive As Quickly As Possible to Make A Breakthrough in Non-metallic Minerals and Inorganic Non-metallic New Materials

China is rich in quality non-metallic minerals which have a vast market at home and abroad and promise a high rate of foreign exchange earnings. Efforts should be made to turn non-metallic minerals and their manufacturing industries into a major industry with good economic returns which is capable of accumulating funds and creating more foreign exchange earnings for the state. Under the unified planning of the state and the precondition of protecting natural resources, things should be expedited and any department, locality, collective or peasant household that is capable of opening mines should be allowed to do so within prescribed limits. Apart from strengthening control over resources, carrying out excavation in a rational manner and raising the rate of utilization of resources, positive efforts should be made to import advanced mining, dressing and processing technology and equipment, renovate the old mines, explore new types of minerals and develop intensive processing. Efforts should also be made to cooperate with foreign businessmen in prospecting, development and operation and in setting up factories to fully utilize China's rich resources. Foreign businessmen should be allowed to carry out risk prospecting on some mines. Funds needed for the tapping of non-metallic minerals should be guaranteed. Mines producing non-metallic minerals like plaster stone, talcum, asbestos, graphite and porcelain clay which involve strenuous mining may, subject to approval by local taxation departments, be given preferential treatment if they are truly unable to pay product tax. Maintenance grants and allowance for working in the shafts should also be suitably increased. Mining enterprises in outlying regions or engaged in the mining of minerals urgently needed in the domestic and overseas markets, in particular, should be given more preferential treatment.

Inorganic non-metallic new materials and composite materials are widely used in national defense and sophisticated science and technology, in industrial and agricultural production and in the people's livelihood. Efforts should be made to strengthen scientific research and development, urge armament enterprises to produce civilian products, popularize existing scientific research results as quickly as possible and quickly organize mass production utilizing these results.

10. Strengthen Fundamental Work and Better Serve the Entire Trade

Existing institutions devoted to scientific research, designing and information gathering in the field of building materials should be reinforced with modernized technical equipment and testing means in a planned way, and an information network and economic-technical information system served by electronic computers should be set up.

To persevere in economic construction, China must rely on science and technology. Science and technology, on the other hand, must be geared to the policy of economic construction. Building materials research and designing institutes should, for some time to come, focus on the importation and assimilation of foreign advanced technology and on innovation on this basis

in addition to rendering support to national defense and developing characteristically Chinese techniques. With this in mind, China must strengthen coordination between research, designing, production and equipment manufacturing units and actively develop various types of integrated bodies for research, designing, production and operation between different departments.

Research units must conscientiously implement the decision of the Central Committee on the reform of the scientific research structure by signing contracts with user organizations that list remuneration and introducing the contract system for internal research jobs, and strive to achieve economic independence in most institutes within 3 to 5 years. In the designing and building of construction projects, a system of inviting tenders should be practiced. Positive efforts should be made to develop cooperative research and designing with other units at home and abroad. Designing institutes should gradually be turned into modern socialized enterprises.

Major efforts should be made to strengthen the ranks of geologists in the building materials industry, replenish the technological force, raise the level of technological equipment and management, do preparatory work well, and provide capital construction with reserve resources. China should coordinate geological, planning, designing and other forces and strive to produce a number of reserve projects within a short time.

Building materials departments should take an active part in the formulation of a plan for the development of the building materials machinery industry, make use of foreign technology to accelerate the technological development and the supply of complete sets of specialized equipment for the building materials industry, and cooperate with foreign countries in the designing and manufacturing of equipment in an effort to achieve basic self-sufficiency in the supply of key equipment for the building materials industry by 1990. At the same time, efforts should be made to import and assimilate the technique of creating basic wear- and heat-resistant materials and gradually achieve self-sufficiency in their supply.

11. Select Personnel Who Are Best Qualified

We must boldly promote specialized personnel who are in their prime and are dedicated to the cause of reform and show an enterprising spirit to leading posts at all levels, and gradually institute the tenure and appointment systems for cadres.

We must respect knowledge and talented people, stabilize the ranks and draw trained personnel into the ranks. Specialized technological personnel who have made important contributions should be well rewarded. Cadres working in building materials establishments and enterprises in outlying and mountainous areas should be recruited and rotated, and offered better pay and conditions.

To speed up the development of intellectual resources, the State Administration of Building Materials Industry shall, during the "Seventh 5-Year Plan" period, increase educational outlay from 4 percent to around 8 percent of the

budgeted investment for the whole industry. A variety of means, such as entrusting other units to provide training, providing training for other units and running correspondence courses, should be adopted to provide more avenues for the training of personnel, and different forms of orientated recruitment should be made use of to train personnel for building materials enterprises in various localities.

We must make a conscientious effort to run management cadre colleges well and strive to improve the qualities of the ranks of cadres in the building materials industry. Before the year 1990, all leading cadres of building materials departments and key enterprises in various provinces, autonomous regions, municipalities and key cities shall have to undergo training by rotation. Computer and modern management knowledge should be popularized among the cadres as quickly as possible.

We must conscientiously strengthen and improve ideological and political work and cultivate a contingent of staff members and workers with lofty ideals, moral integrity, education and a sense of discipline.

12. Do A Good Job of Management of the Trade and Promote the Development of the Building Materials Industry

The State Administration of Building Materials Industry, as a functional department of the State Council, exercises management over the entire trade on the basis of the management of specialized departments at different levels of enterprises producing building materials, non-metallic mineral products and inorganic non-metallic new materials (including building materials enterprises in townships and small towns). Its principal functions are: to formulate principles, policies, programs and plans, develop intellectual resources, formulate programs for technological advancement and transformation, formulate plans for key projects, gather and disseminate economic and technological information, formulate and supervise the implementation of economic laws and regulations, handle economic and technological exchanges and cooperation with other countries, organize the exchange of experiences, coordinate various localities and departments in developing the building materials industry, and so on. The building materials bureaus of various provinces, autonomous regions and municipalities directly under the central authorities are functional organs responsible for the management of the entire trade in the area concerned and must be strengthened.

The State Administration of Building Materials Industry and the building materials bureaus of various provinces, autonomous regions and municipalities directly under the central authorities must, in accordance with the principles of simplifying administrative procedures, separating government functions from business management, opening the country to the outside world and enlivening the domestic economy, conscientiously carry out reform of the structural, institutional and cadre systems, improve the work style of government offices, raise the efficiency of work and effectively turn government offices into units serving the development of production, and serving the entire trade, the grassroots levels and the whole society. They should seek the confidence of the entire trade and the whole society with their good service and contribute their share toward bringing about the vigorous growth of the building materials industry and the four modernizations.

CIRCULAR ON SCIENTIFIC AND TECHNOLOGICAL LOANS

Beijing STATE COUNCIL BULLETIN in Chinese No 32, 30 Nov 85 p 1097

[Joint Circular of the People's Bank of China and the Office of the Leading Group for Scientific Work Under the State Council on Positively Developing Scientific and Technological Loans (7 October 1985)]

(Yinfa zi [6892 4099 1316] (1985) No 379)

[Text] For the purpose of implementing the "Decision of the CPC Central Committee on the Reform of the Scientific and Technological System" and supporting the development of science and technology, the following joint circular is hereby issued on the matter of scientific and technological loans:

1. Various specialized banks and other financial institutions must, within their prescribed credit limits, reallocate some of their loans with a view to providing positive support to the development of science and technology. In extending medium- and short-term loans in the future, banks should do their best to cooperate with technological development projects and promote technological advancement in enterprises to achieve better economic results.
2. Apart from enterprises, scientific research units and integrated research-production bodies with the ability to repay may also be prospective borrowers of scientific and technological loans. To do the work of extending scientific and technological loans well, banks should work closely with other financial institutions and scientific and technological management departments. Scientific and technological management departments must positively and carefully recommend scientific and technological projects to banks and be responsible for gathering technological and economic proofs for scientific and technological projects for which loans are sought. The banks shall be responsible for examining the loan applications.
3. Interest on scientific and technological loans shall be calculated and charged at interest rates for fixed assets loans if they are to be spent on fixed assets, and at interest rates for floating funds loans if they are to be spent as floating funds. Local authorities or departments that seek reduction of interest may be given discounts by the local authorities or departments.

4. To extend scientific and technological loans in a planned and well-guided way, several State Council departments have recommended a number of scientific and technological projects that promise better economic results and can more easily be accomplished for use as reference by various trades. If these projects are considered feasible, they should be given priority in obtaining support in the form of loans.

5. Some banks have already extended scientific and technological loans some time ago and achieve satisfactory results. It is hoped that they would conscientiously sum up their experience and make positive efforts to promote their experience. They are requested to submit summaries of their experience to the Leading Group for Scientific Work Under the State Council, the headquarters of the Bank of China and the headquarters of various specialized banks.

Various specialized banks are requested to transmit this circular to their respective branches for implementation.

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CSO: 4005/647

CIRCULAR ON REGULATIONS ON COMPANY REGISTRATION

Beijing STATE COUNCIL BULLETIN in Chinese No 32, 30 Nov 85 pp 1098-1100

[Circular of the State Administration for Industry and Commerce on the Implementation of the "Provisional Regulations on Company Registration" (25 October 1985)]

(Gongshang [1562 0794] (1985) No 203)

[Text] For the purpose of conscientiously implementing the "Provisional Regulations on Company Regulation" (carried in No 23, 1985 of this Bulletin) (hereafter "Provisional Regulations"), effectively strengthening the registration and supervision of companies and doing a good job of checkup and rectification, the following circular is hereby issued on a number of specific issues:

1. Companies engaged in production, business or service activities that carry out independent accounting, assume sole responsibility for their own profit and loss and bear financial responsibility in accordance with the law should follow prescribed procedures and go through registration; companies that are unable for the time being to separate government from enterprise functions and are exercising administrative authority while engaging themselves in operating activities may be temporarily registered, but a time limit must be set for them to separate government from enterprise functions; and companies of an administrative nature shall not be considered for registration.
2. The setting up of regional companies that operate beyond the province should, after agreement has been reached through consultation by the parties concerned, be reported to the people's government of the province, autonomous region or municipality directly under the central authorities where the companies are to be situated, or to departments authorized by the government, for examination and approval. The setting up of regional companies below the provincial level should be examined and approved by people's governments at or above the country level, or by departments authorized by the government.
3. The registration of specialized corporations of a national nature and civil aviation companies operating international and inter-provincial flights shall be approved by the State Administration for Industry and Commerce; whereas the registration of branches of national corporations and civil aviation companies operating internal flights in provinces, autonomous regions or municipalities directly under the central authorities shall be approved by administrative bureaus for industry and commerce in the provinces, autonomous regions or municipalities directly under the central authorities.

4. Branches of national corporations must produce documents of approval, the "business license" issued to the national corporations by the State Administration for Industry and Commerce, as well as the written notice from the Department of Enterprise Registration under the State Administration for Industry and Commerce when going through registration with the administrative bureaus for industry and commerce in the province, autonomous region or municipality directly under the central authorities where they are situated.

5. In the setting up of Chinese-foreign joint ventures and cooperative companies as well as companies exclusively financed by foreign capital, relevant state regulations governing specific categories shall be followed in registration procedures.

6. Companies engaged in inter-unit associated operations or joint ventures formed between enterprises, different departments and other economic bodies should be considered for registration if they are economic entities capable of bearing financial responsibility.

7. Companies engaged in inter-unit associated operations or joint ventures formed between state- or collectively-owned enterprises and individual or collective operators should be considered for registration.

8. Companies with competent departments at a higher level must have their articles of association and contracts or agreements for inter-unit associated operations approved by the competent departments of their company or by departments authorized by the government before their registration shall be considered by administrative organs for industry and commerce. If their articles of association and contracts or agreements do not conform with the relevant laws, decrees and regulations of the state, the administrative organs for industry and commerce shall not consider their registration.

9. A company must have a fixed place of production and business (whether self-owned or leased) and the necessary equipment. Those leasing a place from others must be able to produce lease agreements signed between the leaser and the lessee with a validity of one year or more. Those engaged in commercial wholesaling must possess suitable warehouses and storage facilities.

10. The chairman of the board of directors and manager who act as legal representatives of a company must be fixed personnel of that company. Productive companies, companies engaged in scientific and technological development as well as consultant and service companies must have engineers, economists, accountants and other professionals with job titles or equivalent qualifications.

11. Proof of credibility must indicate the source of funds and the amount of registered capital. Collectively-owned companies without competent departments at a higher level shall, upon evidence of deposit slips or the deposit of a sum into the bank at an earlier date, be issued proof of credibility by the bank. Enterprises with the status of legal person may also be invited to act as the guarantor, but the amount guaranteed may not exceed the total amount of registered capital of the unit providing the guarantee.

Companies approved for registration must deposit the registered amount of floating funds into the bank within 10 days of the opening of their bank accounts.

12. Copies of applications for registration and relevant documents of companies whose registration was approved by the State Administration for Industry and Commerce or by administrative bureaus of provinces, autonomous regions or municipalities directly under the central authorities should be sent to the administrative bureau for industry and commerce of the city or county where they are situated for filing.

All companies should be subject to the supervision of administrative organs for industry and commerce in the locality where they are situated.

13. For newly-opened companies with a registered capital of over 100 million yuan, no initial registration fees need to be paid on the excess amount.

Companies applying to increase their registered capital after registration has been approved shall be required to pay a 0.1 percent registration fee on the additional amount.

14. Principal and concurrent operations approved by administrative organs for industry and commerce may not be changed without authorization.

Specialized corporations engaged in scientific and technological development and services should take technological development and services as their main task. They may concurrently undertake activities related to their principal operations and activities combining technology and trade in respect of auxiliary products, but may not engage in purely commercial activities that have no bearing on their operations.

15. When applying for registration, a company should present the namelist of its chairman and vice-chairman of the board of directors, its manager and deputy managers, together with identity papers issued by departments concerned and photographs. For professionals, proofs of qualifications and job titles should be presented.

16. When going through annual inspection and registration procedures, a company should fill out an annual inspection and registration form. A certificate of annual inspection and registration shall be issued upon satisfactory examination by administrative organs for industry and commerce.

17. Violations of Article 17 of the "Provisional Regulations" shall be handled in accordance with relevant regulations in the "Detailed Rules for the Implementation of Regulations on the Registration of Industrial and Commercial Enterprises."

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